



Daniel G. Hobbs

City Manager

September 22, 2003

TO: Council President Tom Boyajian
Council Members

FROM: Daniel G. Hobbs, City Manager

SUBJECT: BUDGET OVERVIEW

Under the leadership of Mayor Alan Autry, this budget enables continued progress for the City of Fresno despite challenging economic constraints marked by the sluggish national economy and the unprecedented State fiscal crisis. Despite these challenges, this budget balances projected revenues and expenditures while maintaining essential services, including an increased commitment to public safety, investing in job creation through economic development, increasing neighborhood infrastructure, and protecting the Emergency Reserve.

Economic Overview

The coming year holds a number of uncertainties that could result in long-term negative impacts to the City of Fresno. In addition to the relatively weak economy and the corresponding slow growth in revenues, there looms a potential loss of General Fund resources. State Budget action enacted subsequent to the adoption of our City Budget has resulted in a deferral of the first quarter Vehicle License Fee (VLF) backfill totaling \$5.078 million dollars. In their FY 2004 budget, the State makes a commitment to payback the deferred VLF. To confirm the promise to payback local governments, legislation was constructed, passed and signed by the Governor to affirm the deferral as a loan from cities to the State to be paid back in three years. To mitigate the impact of this reduction in FY 2004 revenue, the Administration recommended to Council that staff proceed to issue Bond Anticipation Notes in the amount of \$5.078 million, utilizing the repayment of the loan from the State as collateral. On August 26, 2003 Council directed staff to issue the bonds. The outcome of the gubernatorial recall has unknown consequences to the VLF backfill that may result in an additional \$13 million being at risk. The City is also faced with other financial challenges including increasing demands for infrastructure as outlined by the General Plan, rising operating demands associated with increases in salaries and inflation, and increasing costs of Worker's Compensation claims.

Other challenges facing our City as identified in the Meeting the Challenge report include:

- Fresno collects less revenue per capita than all its California peers.
- Fresno's citizens pay less per capita in municipal taxes than their California peers.
- Fresno spends significantly less than its peers in most city service functions, with the notable exception of Police.
- Fresno has the most severe structural unemployment among its peers – and spends less on economic development than virtually all its peers.
- Fresno has deferred maintenance issues and has significant pockets of under investment.
- Fresno has a less diversified revenue base than its peer cities.

City of Fresno

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Under current economic conditions, the cost to maintain service levels is outpacing growth in city resources. Absent an aggressive and growing economy, ongoing General Fund service cuts would likely be required as soon as FY 2006, even if the State holds us harmless. Clearly, the City has a challenging future ahead. However, the cornerstones of this budget lay the foundation to face these challenges.

Budget Overview

This budget reflects only the negative impacts from State budgetary actions that were reasonably certain at the time of adoption:

- Loss of \$900,000 in Governors Transportation Improvement Program (GTIP) funding for streets and roads.
- Loss of \$600,000 in annual State Mandated Reimbursements.
- Indefinite deferral of \$10 million for the widening of Peach Avenue.
- Indefinite deferral of \$6 million for Chestnut Avenue improvements.

Based on the consensus that additional VLF take-away is a possibility, we are watching carefully as events unfold at the State level. The prudent actions of the Mayor and Council in proceeding with the issuance of Bond Anticipation Notes for the known VLF backfill loss of \$5.078 million and establishing a Reserve for Economic Uncertainty has put our City in a better financial condition than our peer cities in the State. Because of the actions taken the past two years, we are in a position to maintain essential services through an economic recession of two to three years. The combined challenges of the recession and the State's fiscal crisis have required exceptional fiscal prudence as follows:

- Specific target levels were established for each operating department, and **Full-Time Equivalents decreased by 27.42** for non-sworn positions citywide. Sworn positions increased by 70 Full-Time Equivalents.
- The FY 2004 target budgets held department appropriations at the adopted 2003 levels with specific exceptions for legal obligations; costs associated with a growth in the population; or specifically identified operational imperatives related to performance and tied to a direct revenue resource.
- This strategy required departments to find efficiencies or make cuts in excess of \$13.6 million citywide, including almost \$7 million in the General Fund that equates to 4%. These efficiencies and/or cuts were required in order to absorb the costs of inflation and labor agreement increases for contracts signed in FY 2003 and prior.
- This strategy assumes **no increases for outstanding labor contracts in FY 2004.**

In addition, departments identified other one-time expenditures that could be put off such as deferring maintenance, delaying investments in technology and, postponing training. The postponement of training is especially difficult given that it comes on the heels of the 2001 Macias report specifically identifying training as an issue for the City's future.

The strategies executed in building this budget are necessary to maintain essential services, preserve jobs, invest in neighborhoods and economic development. Fresno is fortunate that we are not in the deficit position of many California cities that have frozen funding for long planned neighborhood improvement projects. Some cities have already issued layoff notices, cut public safety positions, closed fire stations, and canceled major public works projects. Due to prudent fiscal planning and a comprehensive evaluation of our financial condition, our City is prepared to meet the upcoming year without taking such drastic measures at this time.

Mayor Autry has laid out a plan for the City that conservatively yet relentlessly moves this City forward. The four cornerstones of this budget give us the tools we need to keep Fresno on course.

1. Maintain Essential Services

Imbedded in the number one budget cornerstone for FY 2004 is an increased commitment to Public Safety and to the prevention of violent crime.

Police Department: This budget reflects a total authorized strength of 778, the highest in Fresno's history. We recognize that this increase in strength is occurring over a two year cycle starting July 2002 through June 2004. We anticipate an average actual sworn strength of 741 during the year.

Due to attrition and other factors, vacancies fluctuate from month to month and year to year. Despite this, the number of Officers on the street for the past three years has increased by 55 positions, over 8 percent.

	FY 2002	FY 2003	FY 2004
Total Sworn	702	711	778
Filled Sworn (Average)	686	686	741

The battle waged on violent crime includes several specific initiatives that have proven successful. That is why this budget includes resources to increase each of these efforts:

- District Crime Suppression Teams – These groups handle tactical situations, violent crime, and proactive patrol in high crime neighborhoods.
- Street Violence Bureau – This Citywide bureau provides manpower support to the DCS Teams and adds to their effectiveness by serving as an additional tactical component for them.
- Parole Apprehension Teams – These teams pro-actively warrant, arrest, and stakeout operations to desist parole violators before they commit their next crime.

Fire Department: The Fire Department has increased the number of firefighters available from a low of 224 in FY 2001 to 239 in FY 2003. The proposed FY 2004 budget includes resources to further increase that number to 251 this year. That's a 12% increase in just three years.

Public Safety facilities are in dire need of repairs and improvements. This budget includes a financing plan that provides \$6.4 million for the much needed renovation at various fire stations and \$1.5 million at various police stations. The FY 2004 budget also includes funding of \$2.7 million for the construction of Fire Station #15 in Southeast Fresno.

2. Invest in Job Creation through Economic Development

Economic Development can be defined as initiatives that: enhance the economic viability of the community by revitalizing commercial areas; assure high quality education opportunities that relate to "real world" jobs; or create opportunities for "living wage" jobs.

This can be accomplished by leveraging to every extent possible, State and Federal economic development resources and by working more closely with community development corporations, for-profit corporations and non-profit corporations. The FY 2004 proposed budget does that by making specific investments in key economic development projects such as \$5 million for the completion of Roeding Business Park. Additionally, both the Regional Jobs Initiative and Downtown Revitalization efforts remain critical priorities. Specific appropriations for these efforts will be pursued based on the attractiveness of the projects proposed.

Planning and Development Initiatives: The Planning and Development Department handles thousands of requests for community projects that are the essence of economic development. The FY 2004 budget adds three positions to improve inspection and review turnaround times. This is a deliberate effort to accelerate project time lines resulting in expeditious job creation.

3. Increased Investment in the Neighborhood Infrastructure

The FY 2004 budget takes a holistic approach to healthy neighborhoods. It views the quality of a neighborhood as a whole; a "neighborhood community."

The FY 2004 budget strategy will ensure a healthy neighborhood as a whole as it considers the balance between the neighborhood community versus the interior neighborhoods. Interior neighborhood infrastructure continues to be a focus of the budget, but it will not ignore the necessary balance of the neighborhood community as a whole. The FY 2004 budget includes \$18.5 million in Neighborhood Infrastructure projects - that is the highest single year investment in the history of the City, against the backdrop of a State budget crisis.

4. Protecting the Reserves

During FY 2002, proactive financial management took advantage of historically low interest rates and in the process created the resources to establish a \$10 million reserve. The most significant issue facing the City budget is the uncertainty surrounding the State's budget crisis and the very real possibility that a portion of our General Fund revenue stream will be taken by the State Government to help balance the State's deficit. This, combined with the relatively flat economic environment in the Central Valley, necessitate that the reserve be vigilantly protected.

Except for specific economic development opportunities, we recommend that the reserve go untouched, providing some protection from the State grab that is poised to rob California's local governments.

Key Issues

Convention Center

The Convention Center is facing a future of unprecedented issues, which if left unaddressed, will have an adverse impact upon the Center and the City's General Fund. These issues include the lull in convention activity in the New Exhibit Hall as well as the opening of the Save Mart Center, located at Fresno State. The Save Mart Center is a world class facility which will present the first direct, local competition the Center has faced. This competition has already resulted in the loss of the Center's two major tenants, FSU Basketball and Fresno Falcon hockey. These losses, coupled with the loss of the Fresno Frenzy Arena Football franchise, leaves the Center without a major tenant. An unresolved disadvantage will result in a dramatic drop off of activity at the Center. This drop off will be detrimental to the City's efforts towards downtown revitalization and job creation. It will also result in an increase to the current \$6 million annual subsidy provided by the City's General Fund, which will reduce funds available for job creation and public safety initiatives.

Selland Arena is a 37 year old facility, which is in need of significant renovations to remain competitive. The cost of the needed renovations has been estimated in the range of \$10 million to \$12 million, based upon an independent study prepared for the City. Bonding for these renovations would have an annual debt service of \$700,000 to \$1,000,000. There is currently no funding for these renovations included in the \$6 million subsidy, nor is funding contained in any budget projections based upon current operations. The only option currently available is to create a new funding source.

To address the above demands, staff issued an RFP for professional marketing and operating services for the Center. On April 11 proposals were received from SMG and Global Spectrum, the two largest facility operating companies in the world. The Council approved the proposal presented by Global Spectrum which resulted in savings of approximately \$341,000 in FY 2004, and overall savings of at least \$5 million dollars over the life of the contract. These savings will be utilized to fund the debt service payments for the above mentioned capital improvements and renovations of Selland Arena. However, as the first payment for these renovations will not be made in this fiscal year, the \$341,000 of this year's savings has been designated to fund neighborhood infrastructure projects, thereby offsetting a loss of State funding.

Senior Programs

The FY 2004 budget includes several programs and projects for the senior citizens of our community. We have:

- Doubled the senior activities in neighborhood parks;
- Increased funding for the Senior Hot Meals program; and,
- Maintained our investments in Senior Therapeutic programs, the Senior Paint initiative, and the Senior Emergency Repair grants.

Overall, the FY 2004 budget includes an increased investment of \$68,400 for the Seniors and the Aging over the FY 2003 budget:

Description	FY 2003 Budget	FY 2004 Budget	Funding Source
Senior Activities at Neighborhood Parks	\$ 19,200	\$ 41,700	General Fund
Hot Meals Programs	422,600	365,500 100,000	General Fund CDBG
Therapeutic Recreation Programs	137,300	137,300	General Fund
Senior Paint Initiative	50,000	50,000	CDBG
Senior Emergency Repair Grant	50,000	50,000	CDBG
Fresno Madera Agency on Aging	47,800	47,800	General Fund
Senior Discounts on Utilities	212,000	215,000	General Fund
Total	\$ 938,900	\$ 1,007,300	

Air Quality Initiatives

The FY 2004 budget also prioritized Clean Air projects and initiatives Citywide. The budget includes:

- More than \$11 million in Clean Air Street projects.
- Over \$3 million for CNG buses.
- Approximately \$2.1 million for LNG refuse trucks.
- Approximately \$2 million in facility improvements necessary for these new clean air vehicles.

The FY 2004 budget also helps fund Operation Clean Air, a regional initiative brought forth by a coalition of local Valley communities that are serious about taking action on improving our air quality.

Master Fee Schedule

The Master Fee Schedule contains 3,074 different fees for services that are provided to our citizens. During FY 2003, the City Council initiated a study of all of the City's fees by Maximus Inc. This study was performed for two primary purposes: 1) to determine to what extent the City was recovering its cost for providing fee related services; and, 2) to determine what changes would be necessary to recover the cost for providing these services. If a fee does not recover the full cost of providing the service, it results in a subsidy which shifts funds away from the critical, high priority needs such as public safety, economic development and job creation.

The Maximus fee study found that 734 fees were not recovering the full cost of the services provided. However, before an increase in a fee was considered, the Department responsible for the service had to show that the services are being provided as efficiently and effectively as possible. There are a limited number of fees that were considered for an increase and are included in this budget. For these fees, each respective department showed that services are provided in a best practices manner, and that all reasonable opportunities for savings have been exhausted.

The following table summarizes the changes in fees presented in this year's budget:

	Number	Percent
Fees Not Changed	2,863	94.14%
New Fees (formerly subsidized at 100% of cost)	23	0.75%
New Fees (new or additional services offered)	77	2.50%
Fees Increased	103	3.35%
Fees Decreased	8	0.26%
Total Fees	3,074	100%
Fees Deleted or Consolidated	33	n/a

* Fees with text changes only have not been included in the table.

The citizens of the City of Fresno deserve this level of analysis and scrutiny in the proposal of any fee increase. The Master Fee Schedule document sets a new benchmark in how fee adjustments are developed and proposed by this Administration to the City Council.

Contingency Plans

While the FY 2004 Budget is built on conservative estimates, the outcome of the State's budget crisis has built a cloud of uncertainty regarding what they will do with some of the funding sources used to build this budget. We have prepared a Contingency Plan, outlined below, and will be developing it in further detail in the days and weeks following the release of this budget.

In essence, the Contingency Plan re-frames the options presented in the "Meeting the Challenge" report issued January 1, 2003 in the context of the continuing uncertainty about the size of the revenue reductions to the City of Fresno which will occur when the State Budget is adopted. The range of possible State actions and resulting cuts across funds is impossible to determine, although it is likely that the City's General Fund will be cut, and as much as 10% if the VLF fees are taken from cities. Also, a series of other possible actions could cut funding for Public Works and Parks and Recreation programs, to name just two others. The fully developed Contingency Plan will address all of these possibilities. The alternative to be considered include, in priority order:

Option 1 - Implement all the user fees as originally submitted to Council per the User Fee Study.

The Maximus fee study found that 734 fees were not recovering the full cost of the services provided. However, before an increase in a fee was considered, the Department responsible for the service had to show that the services are being provided as efficiently and effectively as possible. The limited number of fees that were considered for an increase showed that the services were provided in a best practices manner, and that all reasonable opportunities for savings had been exhausted. If the City's fees do not recover the full cost of providing the service, it results in a General Fund subsidy which shifts funds away from the critical, high priority needs of job creation and public safety initiatives. During FY 2003, key public safety fees were presented to the City Council. A number of those fees were not adopted at their originally recommended amounts. Option 1 would include implementation of these fees as originally submitted to Council.

Option 2 - Seek employee salary "give-backs" on a permanent or temporary basis.

Employee services are more than half the expenditures of the City's total budget, and make up 65% of the General Fund. Much of the rest of the budget is comprised of fixed costs. This means that any meaningful Contingency Plan that does not cut essential City services by exercising layoffs must include the salary "give-back" option.

Option 3 - Do an across the board cut of the percentage required.

This has superficial fairness, but except in the case of a small cut that is carefully analyzed (as was the across the board 2.5% cut made in February 2003), it has serious adverse impacts on the delivery of essential services.

Option 4 - Determine what programs and departments have priority, and target cuts to those departments or programs that are agreed should be eliminated first.

This option would preclude Option 3 in the event that the General Fund is hit by more than 3-5%. Targeted cuts to those departments or programs that are agreed should be eliminated first requires careful and collaborate analysis. For example, if the General Fund must be cut by 5% but Public Safety is exempted, there are serious consequences for the remainder of the General Fund departments. Public Safety gets 70% of the General Fund and almost one-third of the remainder of the General Fund is fixed costs for items like debt. Therefore, exempting Public Safety really means a targeted cut of roughly 25% of all other General Fund Activities. This would further exacerbate the recent trend towards increasing use of the General Fund for Public Safety. A 5% cut approached this way would increase the General Fund use for Public Safety from 70% to 74% and decrease the use of the General Fund for all other purposes from 22% to 18%, accelerating the timetable for elimination of all General Fund Services except for Public Safety.

Option 5 - Use the \$8.5 million Unappropriated Reserve.

It should be noted that use of the reserve would leave the City even more vulnerable during the remaining 5-7 years that it will take for the State to climb out of its fiscal crisis. It would seem irresponsible to use a significant portion of the reserves to deal with what is likely to be the first in a series of difficult years.

Option 6 - A combination of the above.

Balancing a combination of the above recommendations is a possibility and will not be overlooked as the Contingency Plans are developed further.

In addition, the City is pursuing other "Best Practices" as recommended by the Best Practices Task Force. However, the positive impacts of implementing those recommendations will most likely not be realized in FY 2004.

Finally regarding the Contingency Plans, alternatives to these expenditure reduction options include revenue enhancement initiatives. However, any revenue enhancements which require voter approval, are probably not an option for FY 2004 given the requirement they be on the ballot in March 2004 at the earliest, and even if passed, the entire fiscal year will be lost before the first dollar can be collected.

Council Budget Committee

The Budget Committee of the City Council identified their top nine priorities for the next fiscal year. The Committee then met with the Mayor to discuss these points. Through collaborative efforts, the adopted budget addresses all of the Budget Committee's priorities as follows:

1. "Reserves to remain untouched.
2. Council infrastructure budget to remain at FY 2003 levels.
3. Keep 7-week street project.
4. Provide funds for Economic Development.
5. Provide funds for Neighborhood projects.
6. Maintain Public Safety.
7. Repair Fire Stations.
8. Consider Grant Writers for City.
9. Complete Roeding Business Park."

Conclusion

The FY 2004 budget presents a sound fiscal plan that maintains the City's service commitment to our citizens and to the programs and policies the Mayor and City Council have established. It continues the resolute financial discipline that has allowed us to manage through the current economic downturn. This budget and the City's leadership will guide us through the challenges that lie ahead.

KEY BUDGET ISSUES IN FY 2004

A City as large and complex as the City of Fresno has a multitude of budget issues that would be of interest to the public and their elected representatives. We have tried to present those that are important in the following pages, department by department. This summary is not meant to substitute for those detailed presentations, but rather capture those that are larger than most.

The most significant issue facing the City budget is the threat to the City's General Fund from relatively flat revenue growth due to economic conditions, and the very real possibility that a significant portion of our General Fund revenue stream will be taken by the State Government to balance the State budget. This has happened repeatedly in the past, generally with revenues taken by the State never returning to local governments.

As the analysis in the following pages shows, the General Fund is the revenue source used to fund public safety, with nearly 70 percent of Fresno City's General Fund going to support the Police and Fire Departments. So in a very real sense, every dollar cut from the General Fund threatens to take seventy cents out of the Police and Fire Departments. The other major discretionary uses of the General Fund are for our parks, the elected and appointed officials, and public works. Preserving and enhancing the General Fund will be the major challenge in FY 2004.

You will find many other policy choices in the following pages, clearly spelled out in the Issues, Unfunded Needs or Budget Comments section of each department. Some issues will require further study, most unfunded needs are important but not vital to city operations in a very tight budget, and budget comments explain increases or other issues which need to be addressed.

The following represent some of the Key Issues addressed in the FY 2004 Budget. These issues as well as other significant budget items are described in further detail throughout the document:

- Resources have been dedicated to increase efforts related to the prevention of violent crime in the following areas:
 - District Crime Suppression Team
 - Street Violence Bureau
 - Police Apprehension Team
- Investment in Neighborhood Infrastructure is \$18.5 million.
- \$2.4 million budgeted for matching funds reaps over \$19.0 million in projects.
- A five person strike team is funded for sensitive use CUP enforcement per the Crippen Report recommendations.
- Clean Air Initiatives totaling more than \$15 million are included in this budget.
- The Reserve for Economic uncertainty is protected, with an investment of \$1.5 million in Economic Development for Roeding Business Park and investment in job creation.
- Public Safety Facility Improvements are funded in excess of \$7.9 million.
- Over \$1 million for Senior programs are funded.
- No utility rate increases are proposed.
- Convention Center Management privatization to advance the competitiveness of the facility has been adopted in this budget and projected to save the city approximately \$340,600 to be used to fund neighborhoods infrastructure projects.

DEPARTMENT BUDGET OVERVIEW

The Adopted Budget for FY 2004 consists of all the City operating and capital projects as well as various debt service funds. It is supported by local taxes, charges for service, federal and state funds, as well as miscellaneous revenue sources.

Fresno has been impacted less than most of the State by the economic downturn which has effected the nation. However, Fresno did not entirely escape the downturn. To reflect this revenue estimates have been projected conservatively.

The Adopted General Fund budget for FY 2004 is able to fully fund appropriations. It includes a reserve of 8.5 million dollars. Another \$1.5 million previously reserved is dedicated for Roeding Business Park in FY 2004. It also continues the Mayor's commitment to essential services, investment in job creation through economic development, increased investment in neighborhood infrastructure and protection of the reserve.

The budget includes a revised presentation of a five year Capital Improvement Plan. Due to charter restrictions, the Council may only approve a one year budget. However, the additional years give the Council better information on which to base its decisions in the capital area and evaluate priorities among the unmet needs.

The department budgets are presented in the Department Section. Each department's presentation includes an overview, an issues section, a list of unfunded needs submitted by departments, and the budget comments which describe new initiatives or requests and other relevant matters for Council's consideration. Each department also has a section on management objectives (MBO's) and performance measures. These published and other unpublished performance measures are used to track how well the department is meeting its mission.

City Attorney

The City Attorney's Office will continue to provide legal service of the highest quality, in a timely and cost-efficient manner to the City and to client departments. The Office oversees the legal aspects impacting the City through its three work units which includes Code, Civil Advisory, and Litigation. The City Attorney has also given increased attention to code enforcement to protect public safety and preserve the quality of life in Fresno.

City Clerk

The City Clerk's Office will continue to provide a high level of service to the Public, Council, Mayor, and City departments, as well as meet established time-lines for agenda and Council minutes preparation.

City Manager

The City Manager will be directing the organization in ways that accentuate the Mayor's vision of Fresno as a community that works together. This office will work closely with the Mayor, City Council, citizens, department directors, and staff to identify citywide goals and strategies and to continue successful government in Fresno. Consistent with directions identified in this process, the City Manager will empower departments to act in a professional, independent yet accountable manner, while requiring fiscal prudence and commitment to responsibility, accountability, and performance. The City Manager will seek to ensure that City staff is supported by an effective organizational structure and by appropriate systems targeted at optimizing service delivery to citizens and other City operations.

DEPARTMENT BUDGET OVERVIEW - Continued

The City Manager's Office will maintain a strong leadership and coordination role in multi-department efforts such as exploring "Best Practices"; optimizing youth programs; continuing investing in neighborhood infrastructure; downtown revitalization; and air quality initiatives.

Convention Center

The City of Fresno is facing a significant crossroad with the marketing and operations of the Convention Center facilities. The City is facing unprecedented local competition which has already drawn the two major tenants away from the facilities. The Fresno Convention Center (Center) does not have the resources to compete with the national company that will be marketing and operating the Save Mart Center. If a significant change is not made, the City will suffer the following consequences:

- ▶ Increase in the current \$6 million General Fund subsidy to the Convention Center, reducing funds available for job creation and public safety initiatives;
- ▶ Continued decline of Convention Center facilities due to a lack of funding sources available for needed renovations,
- ▶ Reduction in job creation opportunities through reduced hospitality expansion.

To adequately compete with the Save Mart Center, and to increase entertainment activity in Downtown Fresno, the marketing of the center must be changed, the center is competing with a company with national marketing strength, relationships with major entertainment producers, and the ability to package concert tours to include the numerous arenas it manages. This will result in events being booked directly to Save Mart Center once a tour is started. The center does not have the staff resources or expertise to compete with this level of marketing. Therefore, the hiring of a private firm is necessary to stay competitive.

Economic Department

The Economic Development Department is new in the FY 2004 budget. The creation of this department resulted from the reorganization of the Housing, Economic, and Community Development Department. The Department will be the primary and lead agency in the implementation and coordination of economic development policies and programming for the City of Fresno. Programming and projects will focus on the five key elements of economic vitality: existing business retention and expansion; new business attraction; access to capital; workforce development; and business advocacy and information.

Finance Department

The Finance Department provides support services to the general public, City Council, and City departments in an accurate and timely manner. These services include accounting, financial reporting, accounts payable/receivable, payroll, portfolio management, cash management, budgeting, and internal audits.

The Department continues to look for opportunities regarding revenue enhancements, budget and financial management improvements, as well as processing vendor and payroll obligations in the most efficient and timely manner. The Department's budget includes a replacement billing and collection system in order to better serve its customers. In addition, the replacement of the Cost Allocation Plan model is also budgeted due to the existing model's inability to recognize a fiscal year past 2004. This replacement model will provide the means to properly allocate the Mayor, the City Council, and the City Manager's costs to non-general fund departments, as required by most Federal grants.

Fire Department

The Fire Department has increased the number of firefighters available from a low of 224 in FY 2001 to 239 in FY 2003. The budget in FY 2004 includes resources to further increase that number to 251 this year; that's a 12 percent increase in just three years.

The maintenance of Fire Department Facilities has been deferred for several years due to more urgent operational needs. In FY 2004 the City will obtain \$6.4 million of financing to address the facility improvement needs. The increase in customer user fees will be used to repay the debt and to establish a sinking fund for future needs. Also, the budget includes \$2.7 million for the construction of a Fire Station in southeast Fresno.

General Services Department

The General Services Department (GSD) contains the City's fleet services, facilities, purchasing, printing and communications operations. Set up as an Internal Service Fund, this Department plays a critical support function for public safety, transportation, utilities, and other City departments.

The GSD is actively engaged in looking for more efficient ways to deliver services, such as their approach to replace tires, which used a public/private partnership to save the City substantial resources. They are also actively involved with energy efficiency efforts in City facilities.

Housing, Economic and Community Development

This department has been the subject of a reorganization. The Housing and Community Development and Code Enforcement Divisions are now in the Planning and Development Department. The Community Sanitation Division now resides in the Department of Public Utilities. The Economic Development Division is now its own department.

Information Services Department

The Information Services Department provides information technology services and support to all City departments. The Department's services are categorized into six areas: desktop support, network support, HTE, PeopleSoft, Geographic Information System, and specialized applications. These services are offered with a Service Level Agreement that outlines the Department's commitment to providing the highest level of service in order to enhance customer satisfaction.

A Citywide assessment of Information Technology (IT) was completed in September 2003. The assessment will address a range of service delivery opportunities which will lay the foundation for the development of a five-year IT Strategic Plan. The Director/Chief Information Officer will take the lead in producing the IT Strategic Plan which will provide a road map addressing technology needs, maintenance requirements, disaster recovery planning, establish priorities, as well as estimate funding and resource requirements.

In FY 2004, the Department is scheduled to complete the re-wiring of City Hall which will be a key step toward building a solid information systems foundation.

Personnel Services Department

This Department was created from the old Department of Administrative Services and includes human resources, risk management, and training functions. The reorganization, recommended by the Macias report, is designed to provide more efficient services to City Departments and better control the costs of service.

Parks, Recreation, and Community Services Department

The Parks, Recreation and Community Services Department focus in FY 2004 will be on maintaining the existing youth programs, increasing services provided to seniors, providing essential services, and investing in neighborhoods.

The FY 2004 adopted budget includes increased funding for the Senior Citizens Hot Meals Program, doubling of the funding for senior activities at neighborhood parks, and maintenance of senior therapeutic programs at their current level.

The Parks Division will continue to focus on providing basic service maintaining the over 1,866 acres of parks, community centers, median islands and landscape buffers within the City despite a relatively flat budget.

Also in FY 2004, the Department will add a little league ball park in southwest Fresno, modeled after the Harry Goorabian Little League Baseball Park in northeast Fresno near Kaiser Permanente. The Department has also allocated resources for the development of pocket parks on a citywide basis.

Planning and Development Department

The Planning and Development Department will continue to make customer service and maintaining time-lines its top priority. To this end, the department will add a Planner II, Planner III and a Senior Building Inspector. In FY 2004, The department will focus on the implementation of the 2025 General Plan. \$1.1 million has been earmarked for this implementation.

The Housing and Community Development and Code Enforcement Divisions have been transferred from the Housing, Economic and Community Development Department. This will enable the City to address in a comprehensive manner the housing and economic development needs of the community and its citizens.

The Code Enforcement Division will begin a cost recovery program in FY 2004 which is designed to reduce their dependence on Community Sanitation and Community Development Block Grant (CDBG) Funds.

Police Department

The Police Department is committed to providing the highest level of public safety services to the citizens of Fresno. The Department uses a variety of public outreach programs, traditional policing methods, and innovative law enforcement strategies to reach its goal of minimizing crime in Fresno.

Imbedded in the number one budget cornerstone in FY 2004 is an increased commitment to Public Safety and to the prevention of violent crime.

This budget increases the number of authorized officers to the complement, bringing total authorized strength to 778, the highest in Fresno's history.

Due to attrition and other factors, vacancies fluctuate from month to month and year to year. Despite this, the number of cops on the street for the past three years has increased by 55 positions, over eight percent.

	FY 2002	FY 2003	FY 2004
Total Sworn	702	711	778
Filled Sworn (Average)	686	686	741

DEPARTMENT BUDGET OVERVIEW - Continued

The battle waged on violent crime includes several specific initiatives that have proven successful. That is why this budget includes resources to increase each of these efforts:

- **District Crime Suppression Teams** - to handle tactical situations, violent crime, and proactive patrol in high crime neighborhoods.
- **Street Violence Bureau** - a Citywide bureau which provides manpower support to the DCS teams and adds to their effectiveness by serving as an additional tactical component for them.
- **Parole Apprehension Teams** - proactive warrant, arrest, and stakeout operations to desist parole violators before they commit their next crime.

Public Utilities Department

The Department of Public Utilities will continue to provide dependable, low-cost, quality water delivery, sewer service, wastewater treatment and solid waste collection service in FY 2004. The Surface Water Treatment Plant will open in late FY 2004 and will be fully operational in FY 2005.

There are no rate increases for FY 2004. Major initiatives in FY 2004 will include strategic infrastructure planning to satisfy water and wastewater utility service demands posed by the 2025 General Plan, the Solid Waste Transfer Station, downtown revitalization and regulatory requirements.

Public Works Department

Public Works will continue to strengthen its operating divisions so that they can provide the highest level of timely and cost efficient service delivery. The Department will continue work on the ongoing TEA-21 infrastructure improvement projects, totaling over \$23 million in FY 2004. These projects will improve critical transportation corridors and major intersections, particularly in the older parts of town.

Particularly important is the commitment for Americans with Disabilities Act (ADA) capital improvements in this budget. For example, funds have been set aside to install 660 wheelchair ramps at various locations in the City. This will meet the City's commitment to meet ADA requirements.

The Department will also manage neighborhood improvement projects and other projects with funding coming from Measure C, Gas Tax, CDBG, and SB325.

Transportation Department

FAX continues to improve services by adding routes to unserved areas in the City of Fresno. In FY 2004, FAX will engage in a pilot program which will provide fixed-route service in Northeast Fresno. If the proposed pilot program is successful, this route and all related costs will be included in the FY 2005 budget.

An increase in the demand for Handyride services has necessitated an increase of these services in FY 2004. The FAX budget also includes \$1.5 million from Measure C. This appropriation is utilized to fund Capital projects and sustain FAX operations.

Completion of the FYI Expansion Project occurred during FY 2003. A new entry way, enhanced access at the front of the terminal, expanded parking facilities and a two-story concourse with loading bridges is just a small list of improvements that have been completed during the Expansion Project.

Fresno Chandler Downtown Airport continues to provide essential airspace congestion relief to FYI. Furthermore, Chandler is a by element in the neutralization of downtown Fresno, providing services

DEPARTMENT BUDGET OVERVIEW - Continued

to the Center City Business District, Regional Medical Center and one new Federal Courthouse.

HOW TO USE THIS BUDGET BOOK

The organization of the budget document is, systematically from front to back, moving from the broadest perspective of service by department to fund specific information. The document is arranged by department with the final section providing reference information to enhance the reader's understanding of overall concepts.

A **Table of Contents** is included at the beginning of the book, followed by tabbed sections.

The **Executive Summary** section includes:

- The Mayor's Message
- The City Manager's Message
- Key Budget Issues
- Department Budget Overviews

The **Fund Summaries** section includes:

- City Fund Structure
- Combined Fund Summary
- Interfund Transfer Schedule
- Resource Information
- Total City Budget
- Net Budget by Department with and without Capital
- Citywide Authorized Position Schedule
- General Fund Budget Overviews
- City Organization Chart
- City Operating Fund Structure Chart

The **Department Summaries** section includes for each department:

- Narratives describing the department
- Accomplishments
- Issues
- Departmental Organization Chart
- Personnel Detail Schedules
- Performance Measures
- Budget Comments
- Resource and Expenditure Summaries
- Appropriation Detail Schedules

The **Capital Improvement** section includes:

- Citywide Capital Improvement Plan Schedule by Department
- Department Capital Improvement Plan by Project

Additional capital information is provided in the Capital Improvement Plan Document which supplements the Mayor's Proposed Budget.

The **Analysis and Background** section contains charts and graphs to further clarify the City's condition and includes demographic information, financial trends and a glossary.